

GFOA Alberta Special Release Bulletin #27

February 27, 2020

Alberta Government 2020 Budget Announcement

The Alberta Government released the 2020 provincial budget on February 27, 2020.

The budget focuses on:

- *Getting services to people who need them;*
- *Getting Alberta back to work;*
- *Getting spending under control; and*
- *Getting a fair deal.*

The following are some of the highlights of the budget's impact on Alberta municipalities, including the following changes made to municipal granting programs:

- **Education Property Tax** – Education property tax rates will rise by 3.1 per cent in 2020-21. The residential/farmland rate will rise from \$2.56 to \$2.64 per \$1,000 of equalized assessment, while the non-residential rate will rise from \$3.76 to \$3.88.

The province is projecting that the proportion of k-12 education funded by education property tax revenue will increase from 29.6% in 2018-19 to 33.5% in 2022-23. This shift in funding source may restrict municipalities' ability raise education property taxes in future years.

Due to the 2019 Budget being delivered in October 2019, Municipalities had to estimate the education levy for 2019. In many cases, this resulted in Municipalities collecting less than was requisitioned. The 2019 under levy will need to be collected in 2020 in addition to the 2020 rate increases.

The Province has also included \$10 million in 2020 and 2021 to support the continuation of the Provincial Education Requisition Program (PERC).

- **Fire Services Training Program** - Advised by the Ministry that this \$500,000 program will end after 2019/2020. Not separately identified in 2020 budget.

- **Municipal Sustainability Initiative (MSI) Capital** - No change from 2019 budget. MSI Capital - \$963 Million for 2020-2021, \$897 Million for 2021-2022.
 - **(also includes Local Government Fiscal Framework)** - Preliminary allocations for 2020-2021 were released subsequent to the budget.
 - LGFF - \$860 Million for 2022-2023.
- **Municipal Sustainability Initiative (MSI) Operating** - No change from 2019 Budget. \$30 Million for 2020-2021, \$30 Million for 2021-2022. Preliminary allocations for 2020-2021 were released subsequent to the budget.
- **Federal Gas Tax Fund** - No change from 2019 Budget. \$244 Million for 2020-2021, \$255 Million for 2021-2022, \$255 Million for 2022-2023. Preliminary allocations for 2020 were released subsequent to the budget showing funding returns to historic levels following a one-time top up in 2019 by the Federal Government.
- **Grants in Place of Taxes** - No change from 2019 budget, reflects a further 25% reduction from 2019-2020. Grants in Place of Taxes will now be at 50% of the annual tax levy for properties.
- **Small and Rural Community Policing** - Budget 2020 implements a more equitable, transparent and sustainable distribution of local policing costs. The new Police Funding Model will inject more than \$286 million over the next five years into frontline rural police service. Small and rural communities, which previously did not pay for frontline policing, will now pay a portion of their policing costs. This will support our fight against rural crime by adding more than 500 RCMP officer and civilian positions in rural communities across the province and foster a new public safety partnership with municipalities.
- **Court Fines** - Increase, from 15 per cent to 20 per cent, to the provincial fine surcharge that funds victims of crime programs and now also public safety priorities (\$14 million per year in 2020-21 and on).
- **Alberta Community Partnership Programs** - No change from 2019 Budget at \$19.5 million per year.
- **Strategic Transportation Infrastructure Program (STIP)** - No change from 2019 Budget. Funding has been reduced by \$7.5 million from 2019-20 budget levels.

In 2020-21, \$15 million is budgeted for the Strategic Transportation Infrastructure Program (STIP), which provides financial assistance to smaller municipalities for developing and maintaining key transportation infrastructure that promotes economic growth, improves mobility and invests in construction and rehabilitation of important local transportation infrastructure.

- **Library Grants** - No change to individual library grant levels from 2019 Budget. Maximum allocations for 2020-2021 were released subsequent to the budget.
- **Water and Wastewater Grant Programs** - Reduced slightly from 2019 forecast.
- **Clean Water Wastewater Funding – Phase I** – Program ending as scheduled.
- **First Nations Water Tie-In Program (formally Access to Regional Drinking Water Systems)** - No change from 2019 Budget.
- **GreenTRIP** – Program ending.
- **Public Transit Infrastructure Fund (PTIF)** – Program ending.
- **Investing in Canada Infrastructure Program (ICIP)** – Federal government transfers are \$227 million higher in 2020-21, with \$175 million in re-profiled infrastructure funding from 2019-20 as well as additional Investing in Canada Infrastructure Program (ICIP) allocations partially offset by reductions to the Canada Health and Social transfers (CHT and CST) due to revised population numbers. The increase for ICIP and decreases for CHT and CST continue over the next two years, with overall federal transfers \$38 million higher than Budget 2019 in 2022-23.

Federal support for infrastructure has decreased from budget in 2019-20 as \$175 million is being re-profiled into 2020-21. Two programs, for public transit and clean water and wastewater, wind down in 2020-21. Alberta's total ICIP allocation is \$3.65 billion, with decision on the final \$0.25 billion still pending. Cash flows for the \$3.4 billion are: \$6 million in 2018-19, \$7 million in 2019-20, \$446 million in 2020-21, \$626 million in 2021-22, \$624 million in 2022-23, and another \$1.94 billion between 2023-24 and 2027-28.

ICIP provides \$3.65 billion to Alberta, with \$3 billion allocated to LRT projects in Edmonton and Calgary.

- **Housing Management Bodies** – Not discussed in 2020 budget.
- **Municipal Policing Assistance Grant and Police Officer Grant** – Not discussed in 2020 budget.
- **Low Income Transit Support Pilot Program** – Not discussed in 2020 budget.
- **New Building Canada Fund** – Not discussed in 2020 budget.
- **Family and Community Support Services Grants** – No change to funding.
- **Alberta 911 Program** - – Not discussed in 2020 budget.

- **Agriculture Services Board** - Funding has decreased from \$11.7 million in 2019 to \$8.5 million in 2020 a 27% decrease.

To view the complete 2020 Provincial Budget visit: <https://www.alberta.ca/budget-documents.aspx#20-21>

To view AUMA's response to the 2020 Provincial Budget visit: <https://auma.ca/news/news-release-auma-responds-budget-2020>

To view the RMA's analysis of the 2020 Provincial Budget visit: <https://rmaalberta.com/news/alberta-budget-2020-21-the-facts/>

Prepared by the Emerging Issues Task Force

GFOA Alberta's Special Release Bulletins

GFOA Alberta, through the Communications Task Force, augments its Quarterly Newsletter Publications with Special Release Bulletins that will be distributed from time to time to all Members. These Bulletins are intended to provide information pertinent to various aspects of municipal finance. They will also be utilized to profile upcoming professional development and training opportunities. The Bulletins are intended to outline information on a specific topic in a brief and concise manner. In some cases, contact references will be provided in order that readers can obtain more detailed information from specific sources. Current and archived Special Release Bulletins can be viewed on the GFOA Alberta website at www.gfoa.ab.ca.